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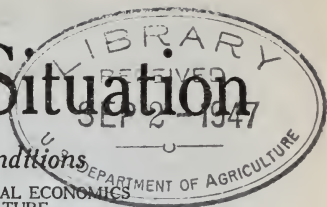
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The Agricultural Situation

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE



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CROP UNCERTAINTIES—DIFFICULT LIVESTOCK SITUATION

The picture of crop conditions over the country, as of early summer, is a checkered one, to say the least. In the far West things are about two weeks early. In the East the season is probably a week or ten days late. The great central territory shows corn waist high, for example, and beside it other fields of late or replanted corn only just nicely up. The oat crop in the latter region is practically a failure. Wheat is at best only a partial crop, although yields in some winter-wheat areas are better than expected.

Although the drought was eased by the June rains, its effects will be felt for a considerable time to come, especially within the livestock industries. In May, while the feed problem was still so acute, the Government launched a program of cattle buying. It is estimated that such purchases in the Dakotas, Minnesota, and Wisconsin may finally aggregate 800,000 head, 374,285 head having been bought up to June 25.

The uncertainty about the corn crop and the known shortage of small grains and hay leave livestock raisers up against a hard production problem. Milk production per cow and egg production per hen, on June 1, were the lowest in the 9 years for which such records are available. Reports indicate that fall farrowings of pigs will be sharply reduced.

Wheat harvest is already well under way, having begun unusually early in many sections. Farmers have had a hard job to get the grain, the straw frequently being so short as to make cutting a problem and the heads shrunken and full of light kernels.

The condition of winter and spring wheat in this country on June 1 was the poorest on record. It indicated a total crop not much over 500 million bushels, which would be the smallest in 40 years. Should the winter and spring wheat crops turn out no larger than now indicated, the new crop supply will fall about 100 million bushels short of domestic requirements and the carry-over of old wheat is likely to be reduced to about a normal basis by the end of the season, without exporting any wheat or flour.

The condition of vegetable and truck crops, taking the country as a whole, is not far from normal. Potato yields have been moderately good so far but the shortage of water in the West makes the prospect rather uncertain for quite a portion of the main crop, although there is some increase in acreage. The movement of fruits and vegetables to market has been showing continued gains from week to week and exceeds that of a year ago by several hundred carloads a day.

THE DROUGHT AND THE LIVESTOCK SITUATION

The drought, which in late May was confined largely to the Dakotas and parts of Minnesota and Wisconsin, threatened for a time to cause a drastic liquidation of livestock because of feed and water shortage. However, fairly well-distributed rains during June over much of the most seriously afflicted area, eased the situation, at least temporarily, and the rapidly developing liquidating movement of cattle, hogs, and sheep was checked. In the meantime, however, the drought area has been greatly expanded as a result of mounting temperatures and increasing rainfall deficiency throughout the Great Plains and much of the Corn Belt, and the general situation is sufficiently critical to warrant every precaution being taken to insure an adequate supply of feed and forage to maintain livestock through the coming winter.

When it was evident in late May that conditions in the Dakotas and Minnesota were such that prompt action was necessary to prevent heavy death losses of livestock from starvation, various agencies of the Federal and State Governments marshaled their forces and a drought-relief organization was created to develop and administer a relief program. This program has as its main objectives the supplying of necessary aid to the population located in the distressed area, the removal of surplus livestock, and adequate provision for animals needed to establish foundation herds for rebuilding the industry after conditions have returned to normal.

The Federal Emergency Relief Administration rendered assistance to many of the people in the drought area throughout the winter and spring and its operations have been greatly expanded to supply more extensive aid. The Farm Credit Administration also is giving assistance by providing liberal credit for the purchase of feed and seed. The Agricultural Adjustment Administration has concentrated its resources on the problem and, in cooperation with the Federal Emergency Relief Administration, the Bureau of Animal Industry, and the Extension Service, has inaugurated an extensive cattle buying program to remove surplus cattle. These cattle are being processed and the meat canned for distribution by relief agencies. In addition to buying cattle, the Agricultural Adjustment Administration has liberalized its planting restrictions on feed crops which had previously been in force, in connection with the various crop production control contracts entered into with farmers earlier in the year.

In carrying out the relief program, the counties included in the drought area have been classified into two groups, according to the severity of local conditions. Those counties most seriously afflicted have been designated as "Emergency Counties" and the others as "Secondary Drought Counties." It is in the first group that cattle buying operations by the Government are being conducted. In the second group, the relief program is confined primarily to modifying planting restrictions on feed crops and to the granting of credit for the purchase of feed and seed. By June 22 a total of 321 counties in 16 States had been designated as "Emergency Counties" in which surplus cattle buying operations are to be conducted, and 664 counties in 18 States had been designated as "Secondary Drought Counties." Every State west of the Mississippi River, except Arkansas, Louisiana, and Washington, had one or more counties in one or both groups, and three States east of the river (Wisconsin, Indiana, and Illinois) also included some of the designated counties.

In setting up the price schedule for surplus cattle to be purchased, it was contemplated that purchases would be confined largely to cows and low-grade stock that would be difficult to sell at the public markets without seriously depressing prices. Most of such cattle can be used only in the canned beef and sausage trade and the commercial outlet for these products is somewhat limited. The price schedule included, in addition to the sales price, a contract or "agreement" payment for the production adjustment involved in the surplus cattle removal and for agreement to participate in any future administration cattle programs. This payment is made entirely to the cooperating farmer and is not subject to liens on cattle sold to the Adjustment Administration. The price schedule and "agreement" payments per head are as follows:

	Prices	Agreement payments
Cattle over 2 years of age-----	\$6 to \$14	\$6
Cattle 1 to 2 years of age-----	5 to 10	5
Calves-----	1 to 5	3

All animals found to be diseased or so emaciated as to make them unfit for food are bought and disposed of on the farms. Only the minimum prices are paid for such cattle.

Preliminary inspection and appraisal of cattle were started on May 31. Initial purchases were completed on June 6, and shipments from the drought areas started June 8. The following summary tabulation shows the number of farms from which cattle had actually been sold to June 18, with the number of head purchased, as well as the number condemned. In addition to these, many thousands of other cattle had already been appraised.

	Number farms selling cattle	Cattle inventory on those farms	Number of cattle sold	Number cattle condemned	Car loadings
Minnesota-----	4, 917	118, 490	35, 987	1, 389	784
North Dakota-----	10, 315	210, 361	107, 204	3, 303	147
South Dakota-----	2, 185	76, 828	36, 793	4, 507	503
Wisconsin-----	135	2, 934	395	14	20
Total-----	17, 552	408, 613	180, 379	9, 213	1, 454

Purchases to June 25 totaled 374,285 head, of which 239,370 were bought in North Dakota, 72,991 in South Dakota, 58,190 in Minnesota and 3,734 in Wisconsin. Of the above total, 15,158 were reported as condemned for slaughter on the farms. It is estimated that purchases in these four States may aggregate 800,000 cattle before the buying program is completed. Buying operations started in Texas Saturday, June 23, with the purchase of 3,841 head.

In late May, extensive forced selling of livestock developed in the more critical drought area comprising the Dakotas, and parts of Minnesota and markets serving that territory were glutted with large supplies of cows, heifers, and young stock in unfinished condition. The tendency of most farmers in the drought area up to that time was to hold their stock as long as possible in the hope that rain would

come. Increasing scarcity of stock water, together with barren pastures and depleted hay supplies, finally forced them to sell their cattle at any price they would bring.

The arrival of these drought-stricken cattle on the markets quickly forced down prices for all low-grade stock, and the decline was accentuated by the fact that the demand for stocker and feeder cattle was greatly curtailed because of the uncertain crop and pasture prospects throughout most of the Corn Belt. Fortunately, much needed showers were received over a large part of the drought area after the first few days in June and these, together with the cattle buying operations of the Adjustment Administration at the farms, quickly checked the heavy movement of unfinished animals to market.

With market receipts subsiding to more nearly normal proportions, and with demand for stockers and feeders improving, prices of all grades of cattle have shown a stronger tone. Supplies of well-finished heavy steers have dropped off sharply and prices of these have risen to new high levels, a top of \$10.35 per 100 pounds having been paid at Chicago late in June. Because of a relative scarcity of finished cattle during the next few months, prices of such cattle are expected to be well maintained and the spread between prices of these and the lower grades is likely to be the widest in several years. Prices of grass cattle and other cattle of similar grade usually decline during the second half of the year, and in view of the prospects for unusually large supplies of such cattle this summer and fall it is not unlikely that the decline will be greater than average unless there is a very marked improvement in consumer demand for meats.

One favorable factor in the cattleman's situation is a prospective marked reduction in the supply of hogs for summer slaughter. The very unfavorable relationship between corn prices and hog prices, together with the drought and the corn-hog production control program of the Adjustment Administration, caused hog producers to liquidate a large proportion of their hogs during the late spring, with the result that marketings recently have fallen off sharply and are expected to be further reduced between now and October. Hog prices have responded to the supply curtailment by moving sharply upward to the highest levels reached since last October and give promise of going still higher.

The most important factor in the livestock situation at present from both the long- and short-time point of view is that of insuring an adequate feed supply, especially forage, for carrying livestock through the coming winter with a minimum of death losses. Whether or not feed supplies will be adequate for all needs will depend largely on weather conditions during the remainder of the growing season and the final outcome of the corn crop. Production of hay and small grains used for feeding undoubtedly will be far below average and below the usual requirements. Pastures also are below average and show little prospect now of improving much this season. The corn crop is still an uncertainty, but with favorable weather the total production of grain and stover would be sufficient to make up a large part of the present feed deficiency.

C. A. BURMEISTER,
Livestock, Meats, and Wool Division.

THE GRAIN MARKET SITUATION

A further strengthening of the market featured the grain situation during June, with unfavorable new crop prospects as the dominating influence. The record low condition of the domestic winter and spring wheat crops, serious drought damage in Canadian prairie provinces, and a prospective sharp reduction in European harvests brought about further advances in wheat prices, despite a continued dull world trade. Feed grains turned decidedly firmer, influenced by a broadening demand as drought reduced pasturage and local feed supplies. Prospective short crops of oats and barley and the uncertain outlook for the new corn crop were also strengthening factors.

The condition of winter and spring wheat in the United States at the 1st of June was the lowest on record and indicated a total crop of about 500,000,000 bushels, the smallest outturn since 1893. The condition of winter wheat was only 55.3 percent of normal, with a prospective outturn of only a little over 400,000,000 bushels, consisting of about 206,000,000 bushels of hard red winter, 153,000,000 bushels of soft red winter, and 41,000,000 bushels of fall-sown white wheat. The condition of spring wheat was reported at 41.3 percent of normal and pointed to a crop of only about 100,000,000 bushels when the loss of acreage is taken into account. Should the winter and spring wheat crops turn out no larger than now indicated the new crop supply will fall about 100,000,000 bushels short of domestic requirements and the carry-over of old wheat is likely to be reduced to about a normal basis by the end of the season without exporting any wheat or flour.

Spring wheat in Canada has also suffered seriously from the drought, with the condition at the 1st of June the lowest on record of 26 years. A condition of 79 percent of the long-time average, together with the reported intended acreage, suggests an outturn only a little above the small 1931 harvest. Stocks of old wheat in Canada, however, are large and will offset in part the reduction in the crop. Drought has been particularly severe in Manitoba and Saskatchewan. During the early part of June, however, substantial rains were received throughout western Canada, particularly in the southern districts of the prairie Provinces, and prospects for the new crop improved somewhat. Additional moisture during June and early July will be necessary to maintain or improve crop prospects.

EUROPEAN CROP CONDITIONS WELL BELOW YEAR AGO

Crop conditions in Europe are well below a year ago and trade estimates place total production about 250,000,000 to 275,000,000 bushels below the 1933 harvest. The German wheat crop is reported about average but below last year. Conditions in France indicate a crop 75,000,000 to 100,000,000 bushels below the 1933 outturn. The Italian crop, from present indications, will be about 50,000,000 bushels smaller than last season, but the Spanish crop is about 40,000,000 bushels larger than last year, according to current estimates. Production in the Danubian countries is forecast at about 263,000,000 bushels, or about 100,000,000 bushels below the 1933 harvest. Lower than average yields due to unfavorable weather conditions, a relatively large abandonment of winter wheat, and some reduction in spring plantings are principally responsible for the smaller estimate. Good average crops are expected in the Scandinavian countries. Harvesting is progressing under generally favorable conditions in North Africa, where present prospects indicate an outturn about the same as last season.

Prospects for wheat in the Orient are better than a year ago. A recent report from the important producing sections of Japan indicates a crop about 12 percent larger than last season. The Chinese wheat harvest is turning out to be better than last year and the increased yields are reflected in the slackened demand for foreign wheat. The quality of the new Chinese wheat arriving in Shanghai is reported good, with grains well filled and an exceptionally low moisture content. The quality of the wheat in North China is more variable, with some sections showing a lower quality than a year ago.

Field work for the new wheat crop in Argentina has made good progress in northern and central areas but seeding in Australia has been retarded by dry soil. Recent rains have been helpful but inadequate, and general rainfall is urgently needed.

UNITED STATES WHEAT HARVEST UNUSUALLY EARLY

Harvesting of winter wheat in the United States started unusually early this season and had advanced well into the belt at the last of June. The first car of new wheat this season was received at Kansas City June 4 and was the earliest new crop arrival on record at that market. Fairly heavy marketings have taken place in Oklahoma and Texas, with early arrivals of good quality and relatively high protein content. The hot, dry weather hastened ripening and was principally responsible for the early movement of the new crop. Current offerings at the markets were readily taken at steady to firm prices. A feature of the domestic situation during the month was sales of Pacific Northwestern wheat to the Atlantic seaboard. The relatively high prices of wheat in central-western markets have resulted in increased sales of Pacific Northwestern wheat to mills in Eastern and Southeastern States. Labor strikes on the Pacific coast, however, have recently interfered with water shipments of Pacific coast wheat.

Foreign markets have become rather unsettled recently and more responsive to new crop developments. In continental European markets, where trade is largely under governmental control, prices have held about unchanged. Quotations on foreign wheats at Liverpool have fluctuated with changing crop conditions. Canadian markets weakened slightly when recent rains relieved the drought. Competition from Argentine wheat restricted exports of Canadian grain and this was an additional weakening influence. Exports of Argentine wheat have continued unusually large and shipments from that country have already exceeded the season's quota allowed at the London Conference. Australian shipments, on the other hand, have become relatively light. The French Government has recently authorized exports of more than 3,500,000 bushels of wheat, and French samples have been offered recently at Liverpool for June shipment at prices well below those quoted on wheat from North America or the Southern Hemisphere. The German Government, on the other hand, has prohibited exports of wheat and wheat flour as a result of the uncertain new crop prospects. World supplies of old wheat are still unusually large, with the prospective carry-over at the 1st of August placed at around a billion bushels. This offsets in part the influence of the prospective short crop but indications now are that stocks of wheat at the close of the 1934-35 season will be more nearly normal.

G. A. COLLIER,
Hay, Feed, and Seed Division.

THE FRUIT AND VEGETABLE SITUATION

Leading developments in the fruit and vegetable situation include marked improvement in prospects since the rains and the more favorable growing conditions of June. The crop season is still about 2 weeks early in the West. It is uneven in the Middle West and complicated by drought effects. Water shortage in the irrigated region looms as a possible check to midseason and fall production. Midwestern crops have improved since the June rains but condition is lower than in most other sections. Late truck crops and potatoes could still do fairly well there, with enough rain and a long growing season. The season in the East is still perhaps a week late but making rapid progress.

The average country-wide condition of most truck crops was not far from normal in June, despite low percentages in some States. Peas and late onions made only a fair showing. Potato yields have been moderately good, so far, but limited rainfall in the Middle West and water scarcity in the mountain region make the main crop prospect rather uncertain at present, although there is some increase in acreage.

The produce-shipping movement has been showing continued gains from week to week (exceeding 3,000 carloads per week day before the end of June), and there were several hundred more carloads moving daily as compared with a year ago. Car-lot movement for the season has reached a total about 12 percent larger than last season to the same date. Besides the car-lots, it is probable that about one-third the supply of fruits and vegetables is marketed in motor trucks. Seasonal gains in car-lots have been due mainly to heavy shipments of potatoes and cabbage from Southern States and the continued early activity of west coast fruits and vegetables. Shipping season in the Mountain States also was early.

The course of prices turned downward in June and by the end of the month many products, including potatoes, beans, cabbage, and tomatoes, were selling lower than they sold last season. Production is generally greater this year because of more planting. Prices of produce a year ago were helped by the summer boom in the markets on the leading commodities. Some lines of produce are as high, or higher, this year, including onions, lettuce, celery, peas, melons, and apples. Most tree fruits seem likely to sell higher this season according to the rather poor crop prospects in the East, South, and Middle West. Markets on canning crops, especially peas, have strengthened and the dealers and manufacturers of canned and dried fruits appear confident. Cannerymen seem to be expecting higher prices in general for canned fruits and vegetables, partly because of increased cost of manufacture.

Midwestern markets have been receiving more shipments than usual from distant sections this summer because of local drought shortage. They have been getting Colorado and New Jersey strawberries, California watermelons, Virginia and Maine potatoes, and New York apples, all these selling higher in the Middle West than in their usual markets. This special demand helped clear the surplus that developed in sections where production or storage holdings were comparatively large.

ACTIVE POTATO MARKET

The heavy supply of potatoes is a feature of the summer market. Recent daily arrivals have been considerably larger than for either of the past 2 years, amounting to about one third the total car-lot supply of leading lines of produce. The market movement is likely to continue active. States supplying the summer potato market have a crop fully one third larger than a year ago but still not especially large as compared with many preceding years. It is about like the moderate summer crop of 1931 when potatoes were selling not far from recent levels and when business conditions were much like those now prevailing. On this basis, June prices of potatoes were not far out of line but the decline in trend was sharper than usual for the time of year.

Eastern potato growers are making some effort to obtain steady, even shipping volume and to keep low grade stock off the market. June condition of crops was good in Virginia, Maryland, and New Jersey, and fair to good in the far West. The season's earliness will bring some far-western potatoes to market in July. Kansas and Missouri will ship moderately in that month. The early Minnesota crop is delayed and not very promising.

The late potato crop of the leading fall and winter shipping sections was reported in late June to be doing well in Maine and New York, fair to good in the Rocky Mountain section and the Pacific Northwest, and fair with continued improvement in the upper Great Lakes region. The crop in the Mountain States may suffer from shortage of irrigation water. These general summer conditions, as far as they go, together with the increased acreage, suggest a sufficient but probably not very excessive car-lot output from the main market crop. Delayed progress of the midseason crop from Minnesota eastward to New Jersey may cause the market season to overlap that of the main crop. Demand should be active from the Corn Belt region, and the midwestern markets seem likely to continue showing better action than those of the East. Meanwhile, there is no cause in sight as yet to prevent the usual slow decline of potato prices during the summer and fall months until the main crop is dug and under cover.

SOME VEGETABLE PRICES LOW

Low prices have been the rule in the cabbage markets this season because of the enormous output from the South and the increasing supply from local sources. Such prices as 25 to 75 cents per 1½ bushel hamper have been common in the large markets. The eastern cabbage supply seems likely to be abundant throughout the season because of increased acreage but the effect of drought in the Middle West will tend to relieve prospects of overproduction of the late crop. The usual midsummer let-up in southern shipments will afford a better opening for local supplies of northern cabbage.

Snap beans have sold at extremely low prices and like cabbage were at times bringing little more than packing charges in southern producing sections. Supplies are likely to continue liberal because many northern growers, also, planted beans instead of peas, which had not been paying very well in previous seasons.

Tomatoes are among the vegetables which have been in liberal to heavy supply this summer, the market at times became somewhat demoralized in northern cities as well as in southern-producing sections. Possibly there will be a let-up in the supply after the greatly increased southern acreage is out of the way. Plantings in the mid-season producing region were not so far from average but acreage for canning was materially increased.

Northern onion growers were somewhat encouraged by the rising market for southern onions during June. Market quality improved for the later Texas crop. Prices advanced in northern markets to about \$2 per 50 pounds for the best lots, compared with about half that amount early in the season. The northern onion crop is doing well in the East but midwestern onions are still showing effects of recent drought.

FRUITS SELLING WELL

The fruit market situation looks attractive to those whose trees have a good set of fruit. Consumers have been paying substantial prices for early western fruits and for the first arrivals from southern orchards. The apple set was generally poor except in the far West.

If opening prices of early apples are, as some dealers say, a good market indication, apples should sell above the fairly strong prices of last season. Southern Transparents started around \$3 a bushel in the central city markets. The greater part of the apple crop is apparently in the West, where it will be handicapped by cost of freight. A poor set of fruit is reported in most other sections. Canadian fruit prospects appear to be not so good as they were a year ago. Europe had a good fruit tree bloom but drought, unusually severe for that region, will limit the yield. This country may not have many apples to export, except the varieties and sizes of the box pack, usually selling best in foreign markets. The late crop of peaches will be very light.

Eastern pears are not a large crop. First shipments of western pears started early and are competing with southern peaches. Pears should sell better later in the season. Western fruits of all kinds found a good market in the East this summer because of earliness. The fruit season will be a long one and the crop light, a favorable situation for those who will have much fruit to sell. Orchards have been receiving better care this year and market quality should improve in comparison with the rather low average last year.

Most of the commercial peach crops seem to be in the South and West this year, indicating a light market supply of peaches after August. The prices are not far from those of last season and market quality improves with more rainfall and the arrival of the choice later varieties. Supplies of eastern cherries are light this season owing to harmful effects of severe weather last winter. The more hardy, sour varieties were bearing well. The orange crop is expected to be a little larger this season and grapefruit production a little less. Canners will use an important part of the fruit crop and probably pay more for it this year. Eastern fruit supplies for canning and drying will be light.

GEORGE B. FISKE,
Division of Economic Information.

THE EGG AND POULTRY MARKET SITUATION

Following a steady to firm trend during the early part of the month, sentiment in the June egg markets was considerably unsettled by the cold-storage figures, which showed a total of 7,815,000 cases in warehouses on June 1, approximately 300,000 cases more than had been generally expected throughout trade circles. This brought out a flurry of selling, and with buyers standing aside for the time being on all except the most urgent requirements, prices on both "spot" and "future" deliveries declined around 1 cent. Subsequent analysis of the cold-storage report, however, together with developments in the field of production, has had some steadying influence, although not entirely dissipating the feeling of nervousness and uncertainty. Since the decline, prices for the most part have moved within a relatively narrow range.

The fact that the storage report also showed heavy stocks of frozen eggs was unsettling, as there had been practically no indication that such stocks had been moving into storage more rapidly than a year earlier. Net additions to stocks during May amounted to 31,180,000 pounds, compared with net accumulations of 22,379,000 pounds in May, last year. Combined stocks of frozen and shell eggs, figured to a case egg equivalent, amounted to 10,495,000 cases on June 1, 5,000 cases less than the combined stocks on the same date last year, and 494,000 cases more than the 5-year average stocks for June 1. Most observers are now looking for this year's peak combined stocks on August 1 to be larger than the peak stocks of 1933.

Not all observers view the situation with pessimism. Some feel that the reaction of the market to the report of larger stocks than had been expected was largely psychological, and that basically the situation is still sound. A further decline in both production and receipts at terminal markets supports their belief that the present reserves will be needed before the year is over.

They also point to the fact that on June 1 farm flocks contained 10 percent less chicks and young chickens than on the same date last year, and that these numbers were the smallest for June 1 of which records are available within the last 8 years. The number of hens in farm flocks decreased sharply during May, and on June 1 there were 4 percent fewer hens in farm flocks than on June 1, last year. Feed supplies are short in many sections; the weather continues hot, and with a smaller number of hens to lay, the prospects for a heavy production during the remainder of the present laying season does not appear to be particularly bright.

The market on poultry was slightly irregular the early part of the month, but then began to firm as prices worked slightly higher. The market on frozen poultry was very quiet.

Total United States stocks of poultry in storage on June 1 amounted to 39,620,000 pounds, compared with 38,131,000 pounds on June 1, last year, and 44,024,000 pounds for the 5-year average for that date. The light supplies of both live and dressed poultry so far this year have caused dealers to draw much more heavily on storage supplies than a year ago. With the exception of roasters and turkeys, supplies of frozen poultry have now reached the point where they can no longer be used to supplement current receipts to any appreciable extent.

B. H. BENNETT,
Division of Dairy and Poultry Products.

THE DOMESTIC DAIRY MARKET

All reports on the current dairy situation are to the effect that drought conditions have curtailed production over widespread areas. Regardless of the fact that the most unfavorable conditions have prevailed in parts of the upper Mississippi Valley, notably the Dakotas and portions of Wisconsin and Minnesota, production in many other dairy sections is seriously reduced. Recent rains have brought measures of relief in many places, but these came so late in the season that an unusually light production can hardly be avoided during the normal flush period. Furthermore, the condition of pastures is so poor that recovery is likely to be slow. For the country as a whole, pasture conditions on June 1 were the lowest on record.

The foregoing conditions have been a principal influence in dairy markets the last month. But, while production has fallen and the statistical position at this time is fairly strong, counter influences are the uncertainty regarding probable consumption later in the year, as well as the possibility of heavy production in the fall. Current consumption is reported as not entirely satisfactory, and in view of the rather unsettled feeling which is prevalent in dairy markets generally, there is naturally some hesitancy on the part of butter interests particularly to risk storing goods for fall and winter use beyond very conservative amounts.

Butter stored at current June prices has represented an initial cost of 2 to 4 cents per pound above last year's costs, and although dealers' ideas of what constitutes a safe price for storing this year have been revised upward somewhat during the last 2 months, the history of last fall's movement into regular trade channels is not forgotten. Last season's butter situation would have proved disastrous to many, except for Government purchases and relief distribution to needy unemployed. No announcement of what the Government policy will be this season has been made, although bids for 2 million pounds were recently called for.

Estimated total production of creamery butter last month (May) was 174,692,000 pounds, or 8.7 percent less than in May 1933. There have been decreases under last year each month in 1934, and the change for the calendar year to June 1 is a net reduction of 63½ million pounds, or 8.8 percent. Production in May was lower than a year earlier in every State except Kansas, Missouri, New York, Vermont, Washington, and Oregon. The aggregate increase in these States amounted to 8 million pounds, half of which was in Missouri alone. This was not necessarily all from cream produced in Missouri, however, since shipments from other States are received by a number of the larger creameries. Decreases in the butter output of other States than those listed totaled 24½ million pounds, so that the net change for the month was a decrease of 16½ million pounds. Reductions were naturally the largest in those sections hardest hit by the drought, and included Minnesota, Wisconsin, and Iowa, in which States the reductions under May 1933 were 14.3 percent, 12.3 percent, and 10.4 percent, respectively, amounting together to 9½ million pounds, or more than half of the total reduction.

Reports on butter production check with information regarding milk production and general crop conditions. The United States Crop Reporting Board reports that June 1 milk production per cow

was lower than on that date in any of the previous 9 years in more than one half of the States, and that total milk production was 5 to 6 percent below June 1, 1933. Evaporated milk production was also sharply reduced during May, being only 189 million pounds, compared with 214 million pounds in May 1933, a drop of 12 percent. Condensed milk, which is manufactured in relatively much smaller amounts, increased 9 percent in May over 1933, but this increase represented only 2 million pounds. Cheese production in May increased by what may be considered a major amount under existing conditions, exceeding last year by over $3\frac{1}{4}$ million pounds. New York production was less, but in Wisconsin and other important areas there were increases.

In terms of milk equivalents, May production of creamery butter, cheese, and condensed and evaporated milk, was 7 percent less, and January to May, inclusive, was 8 percent less than corresponding periods of 1933.

The storage situation to date, this year, is somewhat irregular and quite different than a year ago. On June 1, 1933, butter stocks had begun to accumulate in unusual quantities and were in excess of average holdings. This was not true of cheese, however, nor of evaporated milk, stocks of the latter being at that time at record low levels for the season. On June 1 this year, butter stocks of 27 million pounds were considerably below the average of the previous 5 years, but cheese was greatly in excess of a year ago as well as average. Manufacturers' stocks of evaporated milk were considerably above last year's low figure, but well below the 5-year average.

The product occupying the weakest position statistically on June 1 was cheese, stocks of American cheese alone amounting to 58 million pounds, being $16\frac{1}{2}$ million pounds heavier than a year earlier and 11 million pounds above average. Heavier storing this year followed the heavier production already referred to, which in turn was probably in part due to cheese prices being relatively more favorable to producers than butter prices. Supporting the cheese situation is an apparently heavier current consumption, estimated to have been 2 percent heavier in May than last year, while the apparent consumption of butter was 3.7 percent lower, and evaporated milk was 24 percent lower. May consumption of butter, cheese, and canned milk combined was 5 percent less than a year earlier, although for the year to June 1 there was an estimated increase of almost 3 percent.

Prices of dairy products have been generally steady this month. Butter has averaged around 25 cents at wholesale in New York (92 score), which is one half cent above the May average, and 2 cents above the average for June 1933. Cheese has been steady and unchanged throughout the month. June fluid milk prices for the most part average about the same as May, although in several important markets, including New York, Chicago, St. Louis, and Pittsburgh, there have been increases. Producers in several other markets are requesting increases on account of the unfavorable conditions resulting from the drought.

L. M. DAVIS,
Division of Dairy and Poultry Products.

PRICES OF FARM PRODUCTS

Estimates of average prices received by producers at local farm markets based on reports to the division of crop and livestock estimates of this Bureau. Average of reports covering the United States weighted according to relative importance of district and State.

Product	5-year average, August 1909- July 1914	June average, 1910-14	June 1933	May 1934	June 1934	Parity price June 1914
Cotton, per pound-----cents--	12. 4	12. 7	8. 7	11. 0	11. 6	15. 1
Corn, per bushel-----do-----	64. 2	68. 4	40. 2	48. 6	56. 0	78. 3
Wheat, per bushel-----do-----	88. 4	89. 0	58. 7	69. 5	78. 9	107. 8
Hay, per ton-----dollars--	11. 87	12. 16	6. 43	8. 94	9. 75	14. 48
Potatoes, per bushel-----cents--	69. 7	71. 8	49. 4	73. 7	64. 4	85. 0
Oats, per bushel-----do-----	39. 9	41. 8	23. 1	32. 7	38. 9	48. 7
Beef cattle, per 100 pounds dollars--	5. 21	5. 44	4. 04	4. 13	4. 00	6. 36
Hogs, per 100 pounds--do-----	7. 22	7. 16	3. 96	3. 17	3. 52	8. 81
Chickens, per pound--cents--	11. 4	11. 9	10. 0	11. 2	11. 2	13. 9
Eggs, per dozen-----do-----	21. 5	16. 7	10. 1	13. 3	13. 2	¹ 19. 8
Butter, per pound-----do-----	25. 5	23. 2	19. 9	21. 6	21. 7	¹ 29. 2
Butterfat, per pound-----do-----	26. 3	23. 4	19. 7	21. 5	22. 2	¹ 30. 0
Wool, per pound-----do-----	17. 6	17. 5	21. 3	23. 4	21. 9	21. 5
Veal calves, per 100 pounds dollars--	6. 75	6. 77	4. 51	4. 83	4. 52	8. 24
Lambs, per 100 pounds--do-----	5. 87	6. 30	5. 18	6. 95	6. 37	7. 16
Horses, each-----do-----	142. 00	145. 00	71. 00	83. 00	81. 00	173. 00

¹ Adjusted for seasonality.

COLD-STORAGE SITUATION

[June 1 holdings, shows nearest millions; i.e., 000,000 omitted]

Commodity	5-year average 1929-33	Year ago	Month ago	July 1934
Apples, total-----barrels--	¹ 537	¹ 590	¹ 1,052	¹ 392
Frozen and preserved fruits pounds--	53	52	40	52
40 percent cream--40-quart cans--	-----	¹ 111	¹ 97	¹ 124
Creamery butter-----pounds--	36	35	12	27
American cheese-----do-----	47	41	52	58
Frozen eggs-----do-----	93	85	63	94
Shell eggs-----cases--	¹ 7,442	¹ 8,062	¹ 4,640	¹ 7, 815
Total poultry-----pounds--	44	38	49	40
Total beef-----do-----	49	31	47	42
Total pork-----do-----	768	671	656	642
Lard-----do-----	128	111	179	183
Lamb and mutton, frozen--do-----	2	2	1	1
Total meats-----do-----	891	754	756	738

¹ 3 ciphers omitted.

GENERAL TREND OF PRICES AND WAGES

[1910-14=100]

Year and month	Whole-sale prices of all commodities ¹	Industrial wages ²	Prices paid by farmers for commodities used in ³ —			Farm wages	Taxes ⁴
			Living	Production	Living-production		
1910.....	103	-----	98	98	98	97	-----
1911.....	95	-----	100	103	102	97	-----
1912.....	101	-----	101	98	99	101	-----
1913.....	102	-----	100	102	101	104	100
1914.....	99	-----	102	99	100	101	101
1915.....	102	101	107	104	105	102	110
1916.....	125	114	124	124	124	112	116
1917.....	172	129	147	151	149	140	129
1918.....	192	160	177	174	175	176	137
1919.....	202	185	210	192	200	206	172
1920.....	225	222	222	174	194	239	209
1921.....	142	203	161	141	150	150	223
1922.....	141	197	156	139	146	146	224
1923.....	147	214	160	141	149	166	228
1924.....	143	218	159	143	150	166	228
1925.....	151	223	164	147	154	168	232
1926.....	146	229	162	146	153	171	232
1927.....	139	231	159	145	151	170	238
1928.....	141	232	160	148	153	169	239
1929.....	139	236	158	147	152	170	241
1930.....	126	226	148	140	144	152	238
1931.....	107	207	126	122	124	116	218
1932.....	95	178	108	107	107	86	189
1933.....	96	171	109	108	109	80	-----
1933							
April.....	88	165	-----	-----	101	73	-----
May.....	92	169	-----	-----	102	-----	-----
June.....	95	172	102	104	103	-----	-----
July.....	101	176	-----	-----	107	78	-----
August.....	102	176	-----	-----	112	-----	-----
September.....	103	179	117	114	116	-----	-----
October.....	104	177	-----	-----	116	86	-----
November.....	104	175	-----	-----	116	-----	-----
December.....	103	176	117	114	116	-----	-----
1934							
January.....	105	179	-----	-----	117	81	-----
February.....	107	179	-----	-----	119	-----	-----
March.....	108	184	121	119	120	-----	-----
April.....	107	183	-----	-----	120	88	-----
May.....	108	183	-----	-----	121	-----	-----

¹ Bureau of Labor Statistics. Index obtained by dividing the new series 1926=100, by its pre-war average, 1910-14, 68.5.² Average weekly earnings, New York State factories. June 1914=100.³ Revised. These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are straight interpolations between the successive quarterly indexes.⁴ Revised. Index of farm real-estate taxes, per acre, 1913=100

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August 1909-July 1914=100]

Year and month	Index numbers of farm prices							Prices paid by farmers for commodities bought ^{1,2}	Ratio of prices received to prices paid ¹
	Grains	Fruits and vegetables	Cotton and cotton-seed	Meat animals	Dairy products	Poultry products	All groups		
1910-----	104	91	113	103	100	104	103	98	105
1911-----	96	106	101	87	97	91	95	102	93
1912-----	106	110	87	95	103	101	99	99	100
1913-----	92	92	97	108	100	101	100	101	99
1914-----	103	100	85	112	100	105	102	100	102
1915-----	120	83	78	104	98	103	100	105	95
1916-----	126	123	119	120	102	116	117	124	94
1917-----	217	202	187	173	125	157	176	149	118
1918-----	226	162	245	202	152	185	200	175	114
1919-----	231	189	247	206	173	206	209	200	104
1920-----	231	249	248	173	188	222	205	194	106
1921-----	112	148	101	108	148	161	116	150	77
1922-----	105	152	156	113	134	139	124	146	84
1923-----	114	136	216	106	148	145	135	149	90
1924-----	129	124	211	109	134	147	134	150	89
1925-----	156	160	177	139	137	161	147	154	95
1926-----	129	189	122	146	136	156	136	153	89
1927-----	128	155	128	139	138	141	131	151	87
1928-----	130	146	152	150	140	150	139	153	91
1929-----	121	136	145	156	140	159	138	152	91
1930-----	100	158	102	134	123	126	117	144	81
1931-----	63	98	63	93	94	96	80	124	65
1932-----	44	71	46	63	70	80	57	107	53
1933-----	62	80	64	59	69	74	63	109	58
1933									
April-----	47	66	49	57	59	56	53	101	52
May-----	62	68	65	65	63	62	62	102	61
June-----	63	74	69	66	65	55	64	103	62
July-----	94	103	84	66	71	67	76	107	71
August-----	81	120	71	63	72	67	72	112	64
September---	78	101	69	62	76	77	70	116	60
October-----	68	86	71	63	78	94	70	116	60
November---	74	81	76	59	78	105	71	116	61
December---	73	83	77	52	76	95	68	116	59
1934									
January-----	75	92	82	55	73	82	70	117	60
February-----	78	101	93	64	77	77	76	119	64
March-----	78	108	94	65	79	72	76	120	63
April-----	77	105	94	63	76	70	74	120	62
May-----	78	105	90	63	76	69	74	121	61
June-----	89	108	94	64	76	69	77	122	63

¹ These index numbers are based on retail prices paid by farmers for commodities used in living and production, reported quarterly for March, June, September, and December. The indexes for other months are straight interpolations between the successive quarterly indexes.

² Revised.

THE TREND OF MOVEMENT OF MARKET

Figures show wheat, corn, hogs, cattle, and sheep receipts at primary markets; butter receipts at five markets, compiled by this Bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
Total:						
1920---	332,091	209,079	42,121	22,197	23,538	402,755
1921---	416,179	338,216	41,101	19,787	24,168	468,150
1922---	413,106	378,598	44,068	23,218	22,364	526,714
1923---	386,430	271,858	55,330	23,211	22,025	545,380
1924---	482,007	278,719	55,414	23,695	22,201	587,477
1925---	346,381	223,604	43,929	24,067	22,100	574,489
1926---	362,876	234,873	39,772	23,872	23,868	572,935
1927---	455,991	241,245	41,411	22,763	23,935	581,592
1928---	495,450	335,149	46,527	21,477	25,597	577,929
1929---	437,681	264,934	43,715	20,387	26,834	602,665
1930---	402,398	247,483	40,774	19,166	29,808	584,196
1931---	420,758	172,514	39,537	19,617	33,022	609,611
1932---	255,042	150,064	35,030	17,333	29,303	610,785
1933---	219,744	258,905	40,369	16,994	27,139	663,221
May:						
1920---	19,112	10,863	4,210	1,778	1,488	33,225
1921---	23,569	19,196	3,328	1,542	1,916	49,291
1922---	28,204	21,965	3,737	1,878	1,692	56,636
1923---	17,457	10,809	4,524	1,900	1,794	54,249
1924---	16,039	15,988	4,321	1,890	1,344	56,937
1925---	17,896	11,935	3,283	1,737	1,689	56,838
1926---	15,260	11,972	3,037	1,894	1,717	54,464
1927---	17,760	12,908	3,613	1,956	2,013	63,710
1928---	24,718	23,289	3,723	1,799	1,952	54,427
1929---	17,996	11,249	3,375	1,660	2,169	63,259
1930---	16,369	16,194	3,293	1,517	2,334	63,752
1931---	30,902	10,741	2,938	1,551	2,810	61,986
1932---	14,456	9,198	3,050	1,397	2,429	65,107
1933---	22,023	26,133	3,143	1,558	2,402	65,023
1933						
July-----	36,704	46,260	2,871	1,456	2,228	64,057
August-----	25,496	11,591	¹ 3,924	1,669	2,752	63,877
September---	21,833	21,435	¹ 6,494	1,652	2,911	54,844
October-----	15,042	23,285	2,521	2,178	3,268	50,801
November---	10,764	22,005	3,207	1,203	2,064	47,955
December---	10,910	16,308	3,332	901	1,774	49,226
1934						
January-----	8,278	14,669	4,231	1,643	1,818	45,882
February---	9,743	14,192	2,728	1,407	1,456	40,888
March-----	9,208	13,694	2,468	1,500	1,570	50,520
April-----	7,830	7,236	2,674	1,592	1,838	47,206
May-----	11,780	7,870	3,076	1,809	2,114	61,499

¹ Includes hogs purchased on Government account from Aug. 23 to Sept. 29, 1933.